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6 **IN THE UNITED STATES DISTRICT COURT**
7 **FOR THE DISTRICT OF ARIZONA**
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9 SynKloud Technologies LLC and Serendia
10 LLC,

11 Plaintiffs,

12 v.

13 Aesthetics Biomedical Incorporated,

14 Defendant.

No. CV-22-00015-PHX-DLR

ORDER

15
16 Pending before the Court is Defendant Aesthetics Biomedical Inc.’s (“ABM”) motion to stay pending *inter partes* review (“IPR”) and extension of time to file responsive
17 pleading. (Doc. 18.) The motion is fully briefed (Docs. 22-24) and will be granted.
18

19 **I. Background**

20 This case arises from an intellectual property dispute between ABM and Plaintiffs
21 SynKloud Technologies LLC (“SynKloud”) and Serendia LLC. SynKloud and Serendia
22 allege ABM infringed on U.S. Patent Nos. 9,320,536 (“the ‘536 patent”), 9,480,836 (“the
23 ‘836 patent”), 10,058,379 (“the ‘379 patent”), and 10,869,812 (“the ‘812 patent”). (Doc.
24 1 at 3.) Serendia is the assignee and owner of the right, title, and interest in and to the
25 patents while SynKloud holds the exclusive right to assert all causes of action arising under
26 the patents and the right to collect any remedies for infringement. (*Id.* at 5, 8, 10-11, 13.)

27 This case overlaps with two other lawsuits involving alleged infringement of the
28 same patents based on the same technology. (Doc. 18-3 at 3.) On August 6, 2021,

1 SynKloud and Serendia sued Sung Hwan E&B Co., Ltd. (“SHEnB”) and Cartessa
2 Aesthetics, LLC (“Cartessa”) in Texas and New York respectively (“the underlying
3 lawsuits”). (*Id.*) About five months later, SynKloud and Serendia filed this case against
4 ABM. (Doc. 1 at 17.) SynKloud and Serendia first notified ABM of most of the patent
5 claims in a letter dated February 9, 2018. (*Id.* at 6.)

6 On December 28, 2021, Cartessa filed IPR petitions on the ‘536 and ‘812 patents.
7 (Doc. 18-4 at 7; Doc. 18-5 at 8.) ABM later joined the petitions as a real party in interest.
8 (Doc. 18-1 at 17.) On February 10, 2022, ABM and Cartessa filed IPR petitions on the
9 ‘379 and ‘836 patents. (Doc. 18-6 at 7; Doc. 18-7 at 8.) ABM now requests a stay of this
10 case pending IPR of the ‘536, ‘812, ‘379, and ‘836 patents. (Doc. 18 at 2.) ABM also
11 requests an extension to the responsive pleading deadline. If the Court grants the request
12 to stay, ABM requests an extension of fourteen days after the stay is lifted. If the Court
13 denies the request to stay, ABM requests fourteen days from the denial. (*Id.*) SynKloud
14 and Serendia oppose the stay request. (Doc. 22.)

15 **II. Discussion**

16 The Court has the inherent authority to manage its docket and stay proceedings
17 pending IPR. *See Parsons Xtreme Golf LLC v. Taylor Made Golf Co. Inc.*, No. CV-17-
18 03125-PHX-DWL, 2018 WL 6242280, at *3 (D. Ariz. Nov. 29, 2018) (considering request
19 to stay pending IPR). When considering a motion to stay pending IPR, the Court looks to
20 three factors: “(1) whether discovery is complete and whether a trial date has been set; (2)
21 whether a stay will simplify the issues in question and trial of the case; and (3) whether a
22 stay would unduly prejudice or present a clear tactical disadvantage to the nonmoving
23 party.” *Drink Tanks Corp. v. GrowlerWerks, Inc.*, No. 3:16-CV-410-SI, 2016 WL
24 3844209, at *2 (D. Or. July 15, 2016). Though public policy liberally favors granting
25 motions to stay pending IPR, the Court still must consider the totality of circumstances—
26 a stay is never required. *Id.*

27 **A. Stage of Proceedings**

28 The Court finds the stage of proceedings favors a stay because, at the time ABM

1 filed its motion, discovery had not begun, and a trial date has not been set. *See Parsons*,
 2 2018 WL 6242289 (finding the stage of proceedings weighed in favor of granting motion
 3 to stay where only one fact deposition had occurred, little expert discovery had taken place,
 4 and a trial date had not been set); *Wonderland Nursery Goods Co. v. Baby Trend Inc.*, No.
 5 EDCV 14-01153-VAP (SPx), 2015 WL 1809309, at *3 (C.D. Cal. Apr. 20, 2015) (finding
 6 the stage of proceedings weighed in favor of granting motion to stay where fact discovery
 7 was not complete, expert discovery had not begun, and trial date had not been set).
 8 Although this factor would more heavily favor a stay if the Patent Trial and Appeal Board
 9 (“PTAB”) had already instituted IPR, the fact that the request is pending does not outweigh
 10 the other relevant considerations. *See VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d
 11 1307, 1316 (Fed. Cir. 2014) (“While a motion to stay could be granted even before the
 12 PTAB rules on a post-grant review petition, no doubt the case for a stay is stronger after
 13 post-grant review has been instituted.”).

14 **B. Possibility of Simplification**

15 Although “the filing of an IPR request by itself does not simplify the issues in
 16 question,” the possibility of simplification still can support a stay. *Uniloc USA Inc. v. LG*
 17 *Electronics U.S.A. Inc.*, No. 18-CV-06737-JST, 2019 WL 1905161 (N.D. Cal. Apr. 29,
 18 2019) (quoting *TPK Touch Solutions, Inc. v. Wintek Electro-Optics Corp.*, No. 13-CV-
 19 02218-JST, 2013 WL 6021324, at *4 (N.D. Cal. Nov. 13, 2013)). In *Uniloc*, the Northern
 20 District of California granted a motion to stay pending IPR even though the PTAB had not
 21 yet initiated the proceedings, citing three key reasons. First, the potential IPR presented
 22 “maximum potential for simplification of issues” because all the disputed patents were
 23 challenged in IPR petitions. *Id.* Second, Patent and Trademark Office (“PTO”) decisions
 24 in the pending IPR challenges could have mooted entire portions of the lawsuit, making it
 25 wasteful to contribute substantial resources to issues that might be resolved by the IPR. *Id.*
 26 Finally, the court found a relatively short stay while the PTO decided whether to proceed
 27 with the IPR challenges would not meaningfully delay the case or prejudice the parties. *Id.*
 28 The same court likewise issued a stay in *MindbaseHQ LLC v. Google LLC* when the same

1 three circumstances were present. No. 21-cv-03603-JST, 2021 WL 6882409, at *2 (N.D.
2 Cal. Nov. 1, 2021).

3 All three factors that led the court to grant the stay in *Uniloc* and *MindbaseHQ* are
4 present here. First, all disputed patents have been challenged in IPR petitions. (Doc. 18-1
5 at 10.) Second, PTO decisions on the pending IPR requests could moot the entire case.
6 (*Id.*) Finally, the pending institution decisions are due on July 19, 2022 and August 16,
7 2022 respectively. 35 U.S.C. § 314(b). A short stay pending the decision to institute IPR
8 proceedings is negligible. The possibility of simplification weighs in favor of granting the
9 stay.

10 **C. Prejudice to Non-Moving Party**

11 When assessing whether a stay would unduly prejudice the non-moving party, the
12 Court considers (1) the timing of the IPR request, (2) the timing of the request to stay, (3)
13 the status of the IPR proceedings, and (4) the relationship of the parties. *Parsons*, 2018
14 WL 6242280, at *6. Though a patentee interest has an interest in the timely enforcement
15 of its patent rights, delay alone is not usually undue prejudice. *Samsung Electronics Co.,*
16 *Ltd. v. Blaze Mobile, Inc.*, No. 21-cv-02989-EJD, 2022 WL 103552, at *4 (N.D. Cal. Jan.
17 11, 2022); *Parsons*, 2018 WL 6242289, at *3.

18 The first two factors favor a stay. IPR petitions must be filed within one year of
19 service of a complaint alleging patent infringement. 35 U.S.C. § 315(b). Here, the IPR
20 petitions for all four disputed patents were filed within six months of the complaint in the
21 underlying lawsuits. (Doc. 1 at 7; Doc. 18-4 at 94; Doc. 18-5 at 79; Doc. 18-6 at 111; Doc
22 18-7 at 110.) ABM also expeditiously moved to stay proceedings within a week of
23 receiving the filing date of the final two patents (patents ‘379 and ‘836). (Doc. 18-6 at 111;
24 Doc 18-7 at 110; Doc. 18-10 at 2; Doc 18-11 at 2.) This prompt action does not indicate
25 intentional delay.

26 The third factor weighs slightly against a stay because the requests for IPR have not
27 yet been granted. *See GoPro, Inc. v. C&A Mktg., Inc.*, No. 16-CV-03590-JST, 2017 WL
28 2591268, at *5 (N.D. Cal. June 15, 2017) (finding the status of reexamination proceedings

1 weighed against a stay “when the PTO has not yet decided whether to grant IPR”). But
2 there is no bright-line rule that a stay should be denied when the PTO has not yet instituted
3 IPR. *Ho Keung Tse v. Apple Inc.*, No. C 06-06573 SBA, 2007 WL 2904279, at *2 (N.D.
4 Cal. Oct. 4, 2007) (“In light of the ‘liberal policy’ favoring stays pending reexamination, a
5 court can grant a stay even if the Patent Office is still considering whether to grant a party's
6 reexamination request”). Other considerations favoring a stay can outweigh the fact that
7 the PTO has not instituted IPR proceedings. *See MindbaseHQ*, 2021 WL 6882409, at *4.
8 Here, because other factors favor a stay, the status of the IPR proceedings does not heavily
9 weigh against relief.

10 Finally, the fourth factor (the relationship of the parties) favors a stay. When parties
11 to patent infringement cases are direct competitors, courts generally presume a stay will
12 prejudice the non-movant. *Drink Tanks*, 2016 WL 3844209, at *5. But this presumption
13 can be rebutted. *See Parsons*, 2018 WL 6242280, at *6. The key issue is whether
14 “monetary damages are sufficient to compensate for harm incurred during a potential stay.”
15 *Id.* (quoting *Wonderland Nursery*, 2015 WL 1809309, at *4). Patent infringement by a
16 direct competitor can cause “harm in the marketplace that is not compensable by readily
17 calculable money damages.” *Drink Tanks*, 2016 WL 3844209, at *5 (quoting *Avago Techs.*
18 *Fiber IP (Singapore) Pte. Ltd. v. IPtronics Inc.*, No. 10-CV-02863-EJD, 2011 WL
19 3267768, at *5 (N.D. Cal. July 28, 2011)). But the existence of multiple competitors in the
20 same market can limit the danger of lost market share and thus rebut the presumption. *See*
21 *Masimo Corp. v. Sotera Wireless*, No. 19-cv-01100-BAS-NLS, 2021 WL 321481, at *5
22 (S.D. Cal. Feb. 1, 2021) (finding the existence of 11 market competitors reduced the
23 plaintiffs’ danger of losing market share). A party’s delay in suing for patent infringement
24 and failure to seek injunctive relief can also rebut the presumption. *See VirtualAgility*, 759
25 F.3d at 1318-19 (finding a plaintiff’s one-year delay in filing suit and failure to seek
26 preliminary injunction contradicted the claim that a stay’s delay would result in undue
27 prejudice, even though the plaintiff had rational reasons for not seeking injunctive relief).

28 The relationship of the parties does not weigh against granting the stay. Here,

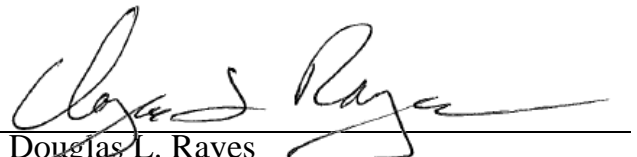
1 although Serendia and ABM likely are competitors because they both compete in the
 2 market for radio frequency microneedling devices (Doc. 1 at 5; Doc. 22 at 15), the existence
 3 of other market competitors reduces the risk that Serendia will face undue prejudice by lost
 4 market share. Additionally, like the court in *VirtualAgility*, this Court finds Serendia's
 5 four-year delay in filing the lawsuit and failure to seek injunctive relief indicates any harm
 6 that might occur is not irreparable and instead can be compensated with monetary damages.
 7 Because the circumstances surrounding the parties' relationship do not indicate Serendia
 8 will suffer harms that cannot be remedied with compensatory damages, this factor favors
 9 a stay.

10 **III. Conclusion**

11 Because the relevant factors favor a stay, ABM's motion will be granted. Although
 12 ABM has already been granted two previous extensions of the response deadline, there is
 13 good cause to extend the responsive pleading deadline to fourteen days after the stay is
 14 lifted because the potential IPR proceedings could moot this entire case.

15 **IT IS ORDERED** that ABM's motion to stay pending *inter partes* review and
 16 extension of time to file responsive pleading (Doc. 18) is **GRANTED**. This case is
 17 **STAYED** until the resolution of IPRs on the asserted patents and any associated appeals,
 18 excluding any petitions for certiorari. The deadline to answer the complaint is extended
 19 until **fourteen days** after the Court lifts the stay. The parties shall submit a joint status
 20 update on the IPR proceedings within **ten days** of any institution decision, within **ten days**
 21 of any final written decision, and within **ten days** of any decision on appeal.

22 Dated this 18th day of July, 2022.

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 27 Douglas L. Rayes
 28 United States District Judge